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Venezuela

Coffee Annual

Coffee Annual Caracas Venezuela

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Report Highlights:

Production of domestic coffee in MY 2016/17 is expected to barely increase to 530,000 bags (1 bag=60 Kilograms) of green bean equivalent (GBE). Marketing year 2017/18 is forecast to increase to 575,000 bags of GBE. A smoother public price policy and better market conditions especially the consumers' willingness to pay for coffee real market price according to qualities; have changed the position of coffee farmers towards investing in the field, making the coffee business interesting to them. Consumption is forecast slightly up for MY 2016/17, maintaining this trend for MY 2017/18.

Commodities:

Coffee, Green

Production:

Domestic production is forecast slightly up to 575,000 bags of roasted and ground domestic coffee for MY 2017/18. Farmers are getting more incentives and assistance to increase the plantation of new trees, with ample fertilization and better farming practices that have significantly improved the coffee rust outbreak occurred in 2016. In general producers are motivated due to positive changes in price policy, the regulated price of 690 Bs. /Kg of roasted ground domestic is sold in the market at 15,000 Bs. /Kg of roasted ground domestic therefore 1 quintal =46 kgs. Of green bean, yields 37 kgs of ground roasted x 15,000 is 555,000 Bs. which is a very good business according to consulted sources: Fedegro and private producers. In addition Fedegro, in consultation with governmental sources reached an agreement to deregulate certain types of coffee, so that these coffees will be sold at the free market price. These are typically to be certified as premium coffee or gourmet. Coffee roasters on the other hand, are still insisting on a price adjustment that would approximate the increase that producers are getting. In general, the “coffee revitalization plan” is starting to be implemented at a very low profile by the government. The government remains the unique buyer and importer of coffee, forcing the farmers to sell part of their production (30%) to the State Agency Coffee Corporation of Venezuela known as CVA –Café.

Crop area:

Coffee production is concentrated in the Coastal area and the Western Andean Region of Venezuela in the states Lara, Portuguesa, Anzoátegui, Trujillo, Táchira, Monagas and Merida. Bearing trees have decreased at least 15 % in 2016 as a result of a severe outbreak of coffee rust that has led to reduced planted and harvested areas in MY 2016/17 to 205,000 and 180,000 hectares. This year the coffee rust as a molecular mutation of the fungus is under control with the appropriate agrochemicals to combat it. Our sources forecast a slight recovery for MY 2017/18 to 200,000 hectares, with new plantations and the recovery of some of the old trees due to positive changes in the coffee price policy and agricultural inputs acquisitions by the government and the private sector.

Consumption:

There are two classes of consumers in Venezuela, the ones that worry about quantity and availability, and the ones that care for quality as a priority which is approximately 40% of the consumers’ universe and are willing to pay the real market price for coffee. Domestic consumption is forecast slightly up to 1,262,000 bags of roasted ground domestic coffee for MY 2017/18 in response to a return of the coffee farmers and investors to the field. Soluble domestic consumption remains stable. Only 70 % of demand is satisfied between domestic production and imports.

Trade:

Imports:

In MY 2017/18 imports are forecast to slightly increase to 683,000 bags (60 kgs) despite the lower availability of foreign exchange. Two reasons may explain the increase in imports 1) most of the coffee is still imported under Oil-for Food Agreements and mainly from Nicaragua and other Central American countries, 2) Some private producers friendly with the government are importing and will keep importing due to the market openings and business opportunities provided by an unsatisfied domestic demand of 30-35%.

Exports:

No official exports have been registered; however, unofficial shipments approximately 8,000 bags (60 Kgs) occur through the border with Colombia, not only green beans, but also roasted ground coffee. A favorable exchange rate is what mainly promotes contraband trade which very probably will keep the same trend for MY 2017/18. In an attempt to end smuggling, the government published a decree on December 8, 2014 which bans transportation of coffee to three Venezuelan states Apure, Táchira and Zulia, all which border Colombia. This ban is still in force.

Production, Supply and Demand Data Statistics:

Coffee, Green Market Begin Year Venezuela	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	210	0	186	0	200
Area Harvested	0	205	0	180	0	180
Bearing Trees	0	820	0	700	0	750
Non-Bearing Trees	0	20	0	20	0	100
Total Tree Population	0	840	0	720	0	850
Beginning Stocks	21	21	12	12	0	12
Arabica Production	500	500	400	530	0	575
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	500	500	400	530	0	575
Bean Imports	670	670	650	600	0	650
Roast & Ground Imports	1	0	1	1	0	3
Soluble Imports	1	30	1	28	0	30
Total Imports	672	700	652	629	0	683
Total Supply	1193	1221	1064	1171	0	1270
Bean Exports	30	20	30	8	0	8
Rst-Grnd Exp.	0	0	0	0	0	0
Soluble Exports	0	0	0	0	0	0
Total Exports	30	20	30	8	0	8
Rst,Ground Dom. Consum	1150	1150	1030	1150	0	1260
Soluble Dom. Cons.	1	39	1	1	0	2
Domestic Consumption	1151	1189	1031	1151	0	1262
Ending Stocks	12	12	3	12	0	0
Total Distribution	1193	1221	1064	1171	0	1270

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)